

MONICA MOEN, ISB # 5734
Idaho Power Company
1221 West Idaho Street
P. O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-2692
FAX Telephone: (208) 388-6936

RECEIVED
FILED
2004 FEB -4 PM 4:55
IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY FOR APPROVAL)
OF AN AGREEMENT FOR SALE AND)
PURCHASE OF ELECTRIC ENERGY)
BETWEEN IDAHO POWER COMPANY AND)
UNITED MATERIALS OF GREAT FALLS, INC.)
_____)

CASE NO. IPC-E-04- 01
APPLICATION

COMES NOW Idaho Power Company ("Idaho Power" or the "Company")
and, pursuant to IPUC Rule of Procedure 52, hereby applies for an Idaho Public Utilities
Commission ("IPUC" or the "Commission") Order approving an Agreement between
Idaho Power and United Materials of Great Falls, Inc. ("United Materials") under which
United Materials would sell and Idaho Power would purchase electric energy generated
by United Materials' wind electric generation facility.

This Application is based on the following:

I.

United Materials proposes to design, construct, install, own, operate and
maintain a 9 MW wind generating facility located at the United Materials industrial

facility located near Great Falls, Montana (the "Horseshoe Bend Wind Park" or the "Project"). The Project will be a qualified small power production facility under the applicable provisions of the Public Utilities Regulatory Policy Act of 1978 ("PURPA"). Under PURPA, Idaho Power is obligated to purchase the Projects' electrical energy (1) when the project is able to deliver energy to the Idaho Power electrical system and (2) when Idaho Power has adequate capacity at the point of delivery to accept the Projects' energy deliveries.

II.

On January 6, 2004, Idaho Power and United Materials entered into an Energy Sales Agreement ("Agreement") including purchase prices consistent with the "posted rates" approved by the Commission in Order No. 29391. Under the terms of Order No. 29391, United Materials elected to contract with Idaho Power for a 20-year term and agreed to arrange for delivery of energy across the system of another utility to deliver energy to the Idaho Power electrical system. A copy of the Agreement between Idaho Power and United Materials is attached hereto as Exhibit 1.

III.

The Agreement between Idaho Power and United Materials is the first large wind generation Energy Sales Agreement to be executed by the Company. In many respects, this Agreement is similar to the agreement between Idaho Power and Tiber Montana LLC which was approved by the Commission in Order No. 29232 issued on April 25, 2003. Idaho Power has developed a Cogeneration Small Power Producer ("CSPP") agreement concept that is consistent for all CSPP projects regardless of their resource (wind, hydro, geothermal, wood waste, etc.) that incorporates (1) current IPUC

orders, (2) current technologies and (3) current utility industry standards. The United Materials Agreement contains many of these concepts as well as several unique provisions since the Project is not directly connected to the Idaho Power system. Following is a brief description of some of these concepts and unique provisions:

A. Opportunity for QFs to Participate in the Firm Energy Sales Agreement: In order to eliminate the need to predetermine the firm or non-firm status of a Qualifying Facility ("QF") resource (i.e. wind, hydro, biomass) and, instead, to provide an opportunity for QF resources to receive the Firm Published Avoided Cost Rate based upon the QF's actual performance, Idaho Power has included the concepts of "Shortfall Energy" and "Surplus Energy," Sections 1.21 and 1.24 of the Agreement, respectively.

Surplus Energy: Under the concept of "Surplus Energy," the QF is required to estimate its monthly kWh generation (Section 6.2 of the Agreement). Each month, the actual net kWh of generation will be compared to the monthly kWh of generation estimated by the QF developer. If a project's actual kWh of generation exceeds 110% of a month's estimated kWh of generation, the energy in excess of 110% is valued at the Surplus Energy Price as described in Section 7.3 of the Agreement. The Surplus Energy Price is a market-based price.

Shortfall Energy: Under this concept, a project's actual net monthly kWh of generation is compared to the estimated monthly kWh of generation as described in the preceding paragraph. In accordance with Section 1.21 of the Agreement, if the amount of Net Energy is less than ninety percent (90%) of the month's estimated kWh of generation, the difference between the actual net monthly kWh of generation and 90% of the estimated monthly kWh of generation is defined as "Shortfall Energy." If the

Market Energy Cost as defined in Section 1.13 of the Agreement is greater than the Agreements' price for energy in the month that the Shortfall Energy occurs, then a "Shortfall Energy Payment" is offset against the Projects' energy payment.¹ If the Market Energy Cost is less than the Agreements' price for energy in the month in which Shortfall Energy occurs, no Shortfall Energy Payment is calculated.

Whether a QF's energy production is Surplus Energy, Shortfall Energy or qualifies for the Firm Published Avoided Cost is at the sole discretion of the developer since the developer sets the monthly estimated generation levels indicated in Section 6.2 of the Agreement. The only limitation placed on the developer by the Company is that the Net Energy estimated for each month cannot exceed the nameplate rating of the generation equipment and/or the capacity rating of the interconnection equipment. The Project has chosen to make use of non-firm transmission capacity to deliver the Projects' energy to Idaho Power. Unlike Tiber, United Materials also must consider the risk of energy delivery reductions due to transmission capacity interruptions in setting its estimated Monthly Net Energy amounts.

B. Seasonality: Previous IPUC orders and QF agreements recognized that the value of purchased power differs in accordance with the season in which it is actually delivered to Idaho Power. As an incentive for a QF to deliver energy to the Company during times when it is of greater value to the Company, the published Avoided Cost Rate has been historically "seasonalized." Idaho Power "seasonalizes" the published Avoided Cost Rate in the present Agreement. In the Tiber contract, Idaho Power aligned these seasons to generally correspond to the months in which Idaho

¹ The "Shortfall Energy Payment" is calculated by multiplying the quantity of Shortfall Energy (kWh) by the difference between the Market Energy Cost and the Agreements' energy price.

Power has identified actual energy needs and periods of higher demand. The seasons are identified in Section 6.2 of the Agreement and the seasonalized rates are listed in Section 7.1 the Agreement.

C. Firm Energy Deliveries: As previously noted, the United Materials Project is located outside of Idaho Power's service territory. The Transmitting Entity for this Project, NorthWestern Energy, has agreed, on an hourly basis, to firm all energy deliveries from United Materials to Idaho Power and to other scheduling requirements as specified in Section 10 of the Agreement.

D. Environmental Attributes: Idaho Power anticipates filing a petition with the Commission in the near future to clarify the ownership of the Environmental Attributes associated with QF projects from whom Idaho Power purchases energy. As specified in Section 8 of this Agreement, the Commission's resolution of this petition will become an integral part of this Agreement.

IV.

Section 22 of the Agreement provides that the Agreement will not become effective until the Commission has approved all of the Agreement's terms and conditions and declared that all payments Idaho Power makes for purchases of energy to United Materials will be allowed as prudently incurred expenses for ratemaking purposes.

V.

United Materials has estimated an Operation Date of December 31, 2004 as specified in Appendix B of the Agreement. Idaho Power will monitor compliance with this Agreement and approve an Operation Date provided the conditions of Section 5.2

of the Agreement have been met by the United Materials Project. Should the Commission approve this Agreement, Idaho Power intends to consider the Effective Date of the Agreement to be January 6, 2004.

VI.

The Agreement, as signed and submitted by the Parties thereto, contains Non-Levelized Published Avoided Cost Rates in conformity with applicable IPUC Orders. Because the Project is located outside the Idaho Power service territory, no interconnection charges or monthly Operation and Maintenance charges under Schedule 72 will be assessed United Materials.

VII.

Service of pleadings, exhibits, orders and other documents relating to this proceeding should be served on the following;

Monica Moen, Attorney II
Barton L. Kline, Senior Attorney
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707

Randy C. Allphin
Contract Administrator
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707

NOW, THEREFORE, based on the foregoing, Idaho Power Company hereby requests that the Commission issue its order:

- (1) Approving the Firm Energy Sales Agreement between Idaho Power Company and United Materials of Great Falls, Inc. without change or condition; and
- (2) Declaring that all payments for purchases of energy under the Energy Sales Agreement between Idaho Power Company and United Materials of Great Falls, Inc. be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 4th day of February 2004.



MONICA B. MOEN
Attorney for Idaho Power Company

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on the 4th day of February 2004, I served a true and correct copy of the within and foregoing APPLICATION upon the following named parties by the method indicated below, and addressed to the following:

Bob McIntyre
United Materials of Great Falls, Inc.
P.O. Box 1690
Great Falls, MT 59401

 x

Hand Delivered
U.S. Mail
Overnight Mail
FAX



MONICA B. MOEN

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-04-_____

IDAHO POWER COMPANY

EXHIBIT 1

ENERGY SALES AGREEMENT

BETWEEN

IDAHO POWER COMPANY

AND

UNITED MATERIALS OF GREAT FALLS, INC.

TABLE OF CONTENTS

<u>Article</u>	<u>TITLE</u>
1	Definitions
2	No Reliance on Idaho Power
3	Warranties
4	Conditions to Acceptance of Energy
5	Term and Operation Date
6	Purchase and Sale of Net Energy
7	Purchase Price and Method of Payment
8	Environmental Attributes
9	Facility and Interconnection
10	Transmission Plan
11	Protection
12	Records
13	Operations
14	Indemnification and Insurance
15	Force Majeure
16	Liability; Dedication
17	Several Obligations
18	Waiver
19	Choice of Laws and Venue
20	Disputes and Default
21	Governmental Authorization
22	Commission Order
23	Successors and Assigns
24	Modification
25	Taxes
26	Notices
27	Additional Terms and Conditions
28	Severability
29	Counterparts
30	Entire Agreement Signatures

Appendix A

Appendix B

Appendix C

Facility No: 41718140
Project: Horseshoe Bend
Wind Park

ENERGY SALES AGREEMENT

THIS AGREEMENT, entered into on this 6th day of January, 2004 between
UNITED MATERIALS OF GREAT FALLS, INC. and IDAHO POWER COMPANY, an Idaho
corporation (Idaho Power), hereinafter sometimes referred to collectively as "Parties" or individually as
"Party."

WITNESSETH:

WHEREAS, Seller will design, construct, own, maintain and operate an electric generation
facility; and

WHEREAS, Seller wishes to sell, and Idaho Power has agreed to purchase, electric energy from
Seller's Facility.

THEREFORE, In consideration of the mutual covenants and agreements hereinafter set forth, the
Parties agree as follows:

ARTICLE I: DEFINITIONS

As used in this Agreement and the appendices attached hereto, the following terms
shall have the following meanings:

- 1.1 "Annual Net Energy" – Sum of the monthly Net Energy Amounts specified in paragraph 6.2 for a
single Contract Year.
- 1.2 "Base Energy" - Monthly Net Energy less than 110% of the monthly Net Energy Amount as
specified in paragraph 6.2 of this Agreement.
- 1.3 "Commission" - The Idaho Public Utilities Commission.
- 1.4 "Contract Energy" - The electric energy produced by the Facility and energy supplied by the
Transmitting Entity in the Contract Months on behalf of the Facility, scheduled and delivered by
the Transmitting Entity to either the Designated Point of Delivery or the Point of Delivery and

accepted by Idaho Power, so that the energy deliveries to Idaho Power will comply with the Transmitting Entity's scheduling and delivery requirements specified in Article X of this agreement, expressed in Kilowatt hours ("kWh").

- 1.5 "Contract Months" - Calendar months of January, February, March, April, May, September, October, November and December.
- 1.6 "Contract Year" - The period commencing each calendar year on the same calendar date as the Operation Date and ending 364 days thereafter.
- 1.7 "Designated Dispatch Facility" - Idaho Power's Control Area Operations Group, or any subsequent group designated by Idaho Power.
- 1.8 "Designated Energy System" - Idaho Power's electrical system being used to deliver the Seller's Net Energy to Idaho Power electrical loads.
- 1.9 "Designated Point of Delivery" - the Designated Point of Delivery specified in Appendix B of this Agreement.
- 1.10 "Facility" - That electric generation facility described in Appendix B of this Agreement.
- 1.11 "Interconnection Facilities" - All facilities required to be installed to interconnect and deliver Net Energy from the Facility to the Transmitting Entity's system including, but not limited to, connection, switching, metering, relaying, communications and safety equipment.
- 1.12 "Losses" - The loss of energy expressed in kilowatt hours (kWh) occurring as a result of the transformation and transmission of energy between the Facility and Designated Point of Delivery or the Point of Delivery.
- 1.13 "Market Energy Cost" - eighty-five percent (85%) of the weighted average of the daily on-peak and off-peak Dow Jones Mid-Columbia Index (Dow Jones Mid-C Index) prices for non-firm energy. If the Dow Jones Mid-Columbia Index price is discontinued by the reporting agency, both Parties will mutually agree upon a replacement index, which is similar to the Dow Jones Mid-Columbia Index. The selected replacement index will be consistent with other similar agreements and a commonly used index by the electrical industry.

- 1.14 “Material Breach” – A Default (paragraph 20.2.1) subject to paragraph 20.2.2.
- 1.15 “Net Energy” - The monthly Contract Energy or Summer Energy. Net Energy scheduled and/or delivered to Idaho Power will never exceed 10,000 kWh in a single hour.
- 1.16 “Operation Date” - The day commencing at 0001 hours, Mountain Time, following the day that all requirements of paragraph 5.2 have been completed.
- 1.17 “Point of Delivery” – A point on the Idaho Power electrical system where the Transmitting Entity schedules and delivers Net Energy and Idaho Power accepts Net Energy produced by the Seller that the Seller has requested and has been granted in compliance with the current Idaho Power Open Access Transmission tariff and/or any applicable schedules or tariffs.
- 1.18 “Prudent Electrical Practices” - Those practices, methods and equipment that are commonly and ordinarily used in electrical engineering and operations to operate electric equipment lawfully and with safety, dependability, efficiency and economy.
- 1.19 “Scheduled Operation Date” – The date specified in Appendix B when Seller anticipates achieving the Operation Date.
- 1.20 “Season” – The three periods identified in Article VI.
- 1.21 “Shortfall Energy” – The difference between 90% of the monthly Net Energy Amount for the corresponding month specified in paragraph 6.2 of this Agreement and the same month’s actual Net Energy.
- 1.22 “Summer Energy” – Energy produced by the Facility, scheduled and delivered to Idaho Power by the Transmitting Entity on the Seller’s behalf in the Summer Months so that the energy deliveries to Idaho Power will comply with the scheduling and delivery requirements specified in Article X of this agreement, expressed in Kilowatt hours (“kWh”).
- 1.23 “Summer Months” – Calendar months of June, July and August.
- 1.24 “Surplus Energy” – Net Energy scheduled and delivered to Idaho Power and accepted by Idaho Power during the month which exceeds 110% of the Net Energy Amount for the corresponding month specified in paragraph 6.2 of this Agreement and all Net Energy scheduled and delivered

to Idaho Power prior to the Operation Date.

- 1.25 "Total Cost of the Facility" - The total cost of structures, equipment and appurtenances.
- 1.26 "Transmitting Entity" - The entity(s) scheduling and delivering the Seller's Net Energy to the Designated Point of Delivery or the Point of Delivery.

ARTICLE II: NO RELIANCE ON IDAHO POWER

- 2.1 Seller Independent Investigation - Seller warrants and represents to Idaho Power that in entering into this Agreement and the undertaking by Seller of the obligations set forth herein, Seller has investigated and determined that it is capable of performing hereunder and has not relied upon the advice, experience or expertise of Idaho Power in connection with the transactions contemplated by this Agreement.
- 2.2 Seller Independent Experts - All professionals or experts including, but not limited to, engineers, attorneys or accountants, that Seller may have consulted or relied on in undertaking the transactions contemplated by this Agreement have been solely those of Seller.

ARTICLE III: WARRANTIES

- 3.1 No Warranty by Idaho Power - Any review, acceptance or failure to review Seller's design, specifications, equipment or facilities shall not be an endorsement or a confirmation by Idaho Power and Idaho Power makes no warranties, expressed or implied, regarding any aspect of Seller's design, specifications, equipment or facilities, including, but not limited to, safety, durability, reliability, strength, capacity, adequacy or economic feasibility.
- 3.2 Qualifying Facility Status - Seller warrants that the Facility is a "qualifying facility," as that term is used and defined in 18 CFR §292.207. After initial qualification, Seller will take such steps as may be required to maintain the Facility's Qualifying Facility Status during the term of this Agreement and Seller's failure to maintain Qualifying Facility Status will be a Material Breach of this Agreement. Idaho Power reserves the right to review the Seller's Qualifying Facility Status

and associated support and compliance documents at anytime during the term of this Agreement.

ARTICLE IV: CONDITIONS TO ACCEPTANCE OF ENERGY

- 4.1 Prior to the Operation Date and as a condition of Idaho Power's acceptance of scheduling or delivery of Net Energy from the Seller's Facility the Seller shall:
- 4.1.1 Submit proof to Idaho Power that all licenses, permits or approvals necessary for Seller's operations have been obtained from applicable federal, state or local authorities, including, but not limited to, evidence of compliance with Subpart B, 18 CFR 292.207.
- 4.1.2 Opinion of Counsel - Submit to Idaho Power an Opinion Letter signed by an attorney admitted to practice and in good standing in the State of Idaho providing an opinion that Seller's licenses, permits and approvals as set forth in paragraph 4.1.1 above are legally and validly issued, are held in the name of the Seller and based, on a reasonable independent review, counsel is of the opinion that Seller is in substantial compliance with said permits as of the date of the Opinion Letter. The Opinion Letter will be in a form acceptable to Idaho Power and will acknowledge that the attorney rendering the opinion understands that Idaho Power is relying on said opinion. Idaho Power's acceptance of the form will not be unreasonably withheld. The Opinion Letter will be governed by and shall be interpreted in accordance with the legal opinion accord of the American Bar Association Section of Business Law (1991).
- 4.1.3 Engineer's Certifications - Executed Engineer's Certification of Design & Construction Adequacy and an Engineer's Certification of Operations and Maintenance ("O&M") Policy as described in Commission Order No. 21690. These certificates will be in the form specified in Appendix C but may be modified to the extent necessary to recognize the different engineering disciplines providing the certificates.
- 4.1.4 Insurance - Submit written proof to Idaho Power of all insurance required in Article

XIV.

- 4.1.5 Transmission Plan - Provide Idaho Power with a copy of the Contract Month's Transmission Plan agreed to by the Seller and the Transmitting Entity in a form acceptable to Idaho Power. Idaho Power's acceptance will not be unreasonably withheld.
- 4.1.6 Written Acceptance - Obtain written confirmation from Idaho Power that all conditions to acceptance of energy have been fulfilled. Such written confirmation shall not be unreasonably withheld by Idaho Power.

ARTICLE V: TERM AND OPERATION DATE

- 5.1 Term - Subject to the provisions of paragraph 5.2, this Agreement shall become effective on the date first written, and shall continue in full force and effect for a period of twenty (20) Contract Years from the Operation Date.
- 5.2 Operation Date - The Operation Date may occur only after the Facility has achieved all of the following:
- a) Completed all Conditions to Acceptance of Energy as specified in Article IV.
 - b) Commission approval of this Agreement has been received.
 - c) Seller has demonstrated to Idaho Power's satisfaction that the Facility is complete and able to provide Net Energy in a consistent, reliable and safe manner.
 - d) Seller has received written confirmation from Idaho Power of the Operation Date.
- This confirmation will not be unreasonably withheld by Idaho Power.
- 5.3 Seller's failure to achieve the Operation Date within ten (10) months of the Scheduled Operation Date will be an event of default.

ARTICLE VI: PURCHASE AND SALE OF NET ENERGY

- 6.1 Delivery and Acceptance of Net Energy - Except when either Party's performance is excused as

provided herein, Idaho Power will purchase and Seller will sell up to 10,000 kWh per hour of the Net Energy scheduled and delivered on behalf of the Seller and accepted by Idaho Power at either the Designated Point of Delivery or the Point of Delivery that is in compliance with this Agreement. Under this Agreement, Idaho Power is only obligated to purchase Net Energy scheduled and delivered by the Transmitting Entity(s) on the Seller's behalf that does not exceed 10,000 kWh in any single hour.

6.2 Net Energy Amounts - Seller intends to deliver Net Energy in the following monthly amounts:

	<u>Month</u>	<u>kWh</u>
Season 1	March	2,570,000
	April	2,155,000
	May	2,340,000
Season 2	June	1,584,000
	July	1,315,000
	November	2,587,000
	December	2,171,000
Season 3	August	1,326,000
	September	2,418,000
	October	1,861,000
	January	2,845,000
	February	2,053,000

6.2.1 Sellers Adjustment of Net Energy Amount –

6.2.1.1 Designated Dates - By written notice given to Idaho Power in accordance with paragraph 26.1, the Seller may revise the monthly Net Energy Amounts specified in paragraph 6.2 on the following Designated Dates. These notices must be received a minimum 15 days prior to the Designated Dates and failure to provide timely written notice of changed amounts will be deemed to be an election of no change.

Designated Dates

- Last day of the 6th month after the Operation Date
- Last day of the 12th month after the Operation Date
- Last day of the 3rd, 5th, 7th, 9th, 11th, 13th, 15th, 17th, and 19th Contract Year

6.2.1.2 Net Energy Amount Delivery Reduction Adjustment – If the Seller's Contract

Energy deliveries to Idaho Power are reduced as a result of paragraph 13.2.1, 13.2.2 or 13.2.3 of this Agreement, the Net Energy Amount for the month in which the Contract Energy delivery reduction occurred will be reduced by the kWhs of the Contract Energy delivery reduction. This adjustment to the Net Energy Amount will only be for the specific month and year in which the Contract Energy delivery reduction occurred. If during the term of this Agreement the Seller acquires long-term (1 year or more) firm capacity on the Designated Energy System and corresponding long-term firm transmission capacity from a Transmitting Entity, the Seller may revise the monthly Net Energy Amounts, by written notice, within 30 days of being granted the long-term firm capacity.

- 6.3 Seller's failure to deliver Net Energy in any Contract Year in an amount equal to at least ten percent (10%) of the Annual Net Energy amount shall constitute an event of default.

ARTICLE VII: PURCHASE PRICE AND METHOD OF PAYMENT

- 7.1 Base Energy Purchase Price – For all Base Energy, Idaho Power will pay the non-levelized energy price in accordance with Commission Order 29391 with seasonalization factors applied:

	Season 1 - (73.50 %)	Season 2 - (120.00 %)	Season 3 - (100.00 %)
<u>Year</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>
2004	33.66	54.95	45.79
2005	34.46	56.26	46.88
2006	35.27	57.59	47.99
2007	36.11	58.96	49.13
2008	36.96	60.35	50.29
2009	37.84	61.78	51.48
2010	38.73	63.24	52.70
2011	39.65	64.74	53.95
2012	40.59	66.28	55.23
2013	41.56	67.85	56.54
2014	42.54	69.46	57.88
2015	43.56	71.11	59.26
2016	44.59	72.79	60.66

2017	45.64	74.52	62.10
2018	46.73	76.30	63.58
2019	47.83	78.10	65.08
2020	48.97	79.96	66.63
2021	50.13	81.85	68.21
2022	51.33	83.80	69.83
2023	52.55	85.79	71.49
2024	53.79	87.83	73.19
2025	55.07	89.90	74.92

- 7.3 Surplus Energy Price - For all Surplus Energy, Idaho Power shall pay to the Seller the current month's Market Energy Cost or the Base Energy Purchase Price specified in paragraph 7.1, whichever is lower.
- 7.4 Shortfall Energy Price - For all Shortfall Energy, if the Market Energy Cost for the month in which the Shortfall Energy occurs is less than or equal to the Base Energy Purchase Price for the same month, the Shortfall Energy Price will be 0. If the Market Energy Cost for the month in which the Shortfall Energy occurs is greater than the Base Energy Purchase Price for the same month, the Shortfall Energy Price will be the current month's Market Energy Cost less the Base Energy Purchase Price.
- 7.5 Shortfall Energy Payment - The Shortfall Energy Payment amount is the Shortfall Energy amount multiplied by the Shortfall Energy Price. The Shortfall Energy Payment will be withheld from the current month's Net Energy payment. If the current month's Net Energy payment is less than the Shortfall Energy Payment, the Seller will make payment to Idaho Power of the unpaid balance within 15 days of being notified of the outstanding balance. Seller's failure to make payment within 15 days will be a default under this Agreement.
- 7.6 Payment Due Date - Net Energy payments to the Seller will be disbursed within 30 days of the date which Idaho Power receives and accepts the documentation of the monthly Net Energy actually delivered to Idaho Power as specified in Appendix A.
- 7.7 Continuing Jurisdiction of the Commission This Agreement is a special contract and, as such, the rates, terms and conditions contained in this Agreement will be construed in accordance with

Idaho Power Company v. Idaho Public Utilities Commission and Afton Energy, Inc., 107 Idaho 781, 693 P.2d 427 (1984), Idaho Power Company v. Idaho Public Utilities Commission, 107 Idaho 1122, 695 P.2d 1 261 (1985), Afton Energy, Inc. v. Idaho Power Company, 111 Idaho 925, 729 P.2d 400 (1986), Section 210 of the Public Utilities Regulatory Policies Act of 1978 and 18 CFR §292.303-308.

ARTICLE VIII: ENVIRONMENTAL ATTRIBUTES

- 8.1 As of the date of this Agreement, Idaho Power intends to file a Petition for a Declaratory Order with the Commission in regards to the Environmental Attributes. Idaho Power is seeking a Commission ruling concerning whether the Environmental Attributes associated with a QF project are owned by the project or the utility at the time a utility purchases electricity from a QF project. The final Order of the Commission in response to Idaho Power's Petition will be included and become an integral part of this Agreement. The Seller reserves the right to cancel this Agreement within 30 days of the Commission's final Order regarding Idaho Power's Petition. The Seller's failure to provide cancellation notification to Idaho Power within 30 days of the Commission's ruling regarding Idaho Power's Petition for a Declaratory Order will be deemed to be acceptance by the Seller of the Declaratory Order as an integral part of this Agreement for the full term of this Agreement.

ARTICLE IX: FACILITY AND INTERCONNECTION

- 9.1 Design of Facility - Seller will design, construct, install, own, operate and maintain the Facility and any Seller-owned Interconnection Facilities so as to allow safe reliable generation and delivery of electric energy to the Transmitting Entity(s) for the full term of the Agreement.
- 9.2 Interconnection Facilities - Seller will construct, install, own and maintain all Interconnection Facilities other than those owned, installed or maintained by the Transmitting Entity(s). Seller will pay all costs of interconnecting with the Transmitting Entity(s) and transmitting Net Energy

to Idaho Power.

ARTICLE X: TRANSMISSION PLAN

- 10.1 Transmission Plan - To schedule and deliver Net Energy to the Designated Point of Delivery or the Point of Delivery the Seller will arrange and pay for the scheduling and delivery of Net Energy from a Transmitting Entity(s) that is able to deliver the Seller's Net Energy to the Designated Point of Delivery or the Point of Delivery. The scheduling and delivery of Net Energy from the Facility to the Idaho Power Designated Point of Delivery or the Point of Delivery shall be in accordance with the terms and conditions of the Transmission Plan which will include provisions requiring the Transmitting Entity(s) to provide the following:

10.1.1 Scheduled Net Energy Deliveries –

- a. Monthly Hourly Scheduling Estimate - The Transmitting Entity(s) or Seller will provide Idaho Power with a monthly hourly scheduling estimate of Net Energy deliveries by the 20th day of the preceding month. The Seller and the Transmitting Entity(s) will use their best efforts to produce an accurate Monthly Hourly Scheduling Estimate. The Monthly Hourly Scheduling Estimate will be 10 MW or less and shall indicate either the Designated Point of Delivery or specify the planned Point of Delivery.
- b. Day Ahead Hourly Pre-Schedule – The Transmitting Entity will provide Idaho Power with the next day's hourly schedule of Net Energy deliveries in accordance with the Western Electricity Coordinating Council (WECC) standard electrical scheduling practices. Idaho Power must accept the day ahead schedule prior to the Transmitting Entity delivering Net Energy to either the Designated Point of Delivery or the Point of Delivery. The Seller and the Transmitting Entity will use their best efforts to produce an accurate Day Ahead Hourly Pre-Schedule. The Day Ahead Hourly Pre-Schedule will

be 10 MW or less and will indicate either the Designated Point of Delivery or specify the planned Point of Delivery.

- c. The Transmitting Entity, at a minimum, must provide notification of deviations of actual Net Energy deliveries compared to the accepted Day Ahead Hourly Pre-Schedule to Idaho Power 30 minutes prior to the scheduling hour, the Designated Point of Delivery or the Point of Delivery must remain as documented in the Day Ahead Hourly Pre-Schedule. The Transmitting Entity will only be relieved of this notification process for the hour in which a physical electrical system emergency occurs within the Transmitting Entity's electrical system that prevents the Transmitting Entity from delivering the scheduled Net Energy.
- d. The Transmitting Entity(s) will use its best efforts to pre-schedule and deliver the actual Net Energy delivered to the Transmitting Entity by the Seller to Idaho Power within the same hour as the Net Energy is received from the Seller. Only with prior written agreement between Idaho Power and the Transmitting Entity will the Transmitting Entity schedule and deliver Net Energy to Idaho Power that was delivered to the Transmitting Entity by the Seller during an hour in which Idaho Power had reduced the Net Energy schedule and deliveries to Idaho Power in accordance with paragraph 13.2 of this Agreement in a different hour than what the Net Energy was received by the Transmitting Entity from the Seller. Under no circumstances will the Net Energy deliveries to Idaho Power exceed 10 MW.
- e. Idaho Power reserves the right to revise the Monthly Hourly Scheduling estimate, the Day Ahead Hourly Pre-Schedule and the subsequent deliveries of Net Energy to the Idaho Power system as specified in Article X of this Agreement.

f. The Transmitting Entity(s) will never schedule or deliver more than 10 MW of Net Energy to Idaho Power on the Sellers behalf.

10.1.2 Energy Reserve Requirements – The Transmitting Entity(s) will provide all required generation reserves as required by the Western Electricity Coordinating Council (WECC) and/or as required by any other governing agency or industry standard.

10.1.3 Point of Delivery Notification – In the event the Seller secures long term transmission capacity to a Point of Delivery, that the Seller plans to routinely use in lieu of the Designated Point of Delivery. The Seller will notify Idaho Power of this Point of Delivery and the planned use at the time the Seller secures this Point of Delivery. Idaho Power will be relieved of all obligations as specified within this Agreement, to receive the Seller's Net Energy at the Designated Point of Delivery during this time.

10.2 Acceptance of Transmission Plan - This Agreement is expressly conditioned and contingent upon Idaho Power's acceptance of the Transmission Plan(s). The Transmission Plan for the Contract Months shall be submitted to Idaho Power for review and acceptance prior to the Operation Date. Such acceptance will not be unreasonably withheld. Idaho Power will be identified within the Transmission Plan as an intended third party beneficiary of the Transmission Plan and a default by the Seller or the Transmitting Entity(s) under the Transmission Plan(s) will be a default under this Agreement.

10.3 Losses - Idaho Power will only purchase the Net Energy that is scheduled and delivered by the Transmitting Entity(s) to Idaho Power as shown on Idaho Power's daily system logs. All Losses will be attributed to Seller on the Transmitting Entity(s) system.

10.4 Documentation - Seller or Transmitting Entity(s) on the Seller's behalf will provide Idaho Power with monthly documentation in a form acceptable to Idaho Power showing the amount of Net Energy scheduled and delivered to Idaho Power at the Designated Point of Delivery or the Point

of Delivery and accepted by Idaho Power, including any Net Energy delivery reductions as a result of Idaho Power exercising its rights to reduce the Net Energy deliveries as allowed within this Agreement.

ARTICLE XI - PROTECTION

- 11.1 Seller will construct, operate and maintain the Facility and Seller-furnished Interconnection Facilities in accordance with Prudent Electrical Practices, the National Electric Safety Code and any other applicable local, state and federal codes.

ARTICLE XII - RECORDS

- 12.1 Maintenance of Records - Seller shall maintain at the Facility or such other location mutually acceptable to the Parties adequate Net Energy production, delivery and scheduling records in a form and content acceptable to Idaho Power.
- 12.2 Inspection - Either Party, after reasonable notice to the other Party, shall have the right, during normal business hours, to inspect and audit any Net Energy production, delivery and scheduling records pertaining to the Seller's Facility.

ARTICLE XIII - OPERATIONS

- 13.1 Communications - Idaho Power and the Transmitting Entity(s), on behalf of Seller, shall maintain appropriate operating communications through Idaho Power's Designated Dispatch Facility and Seller shall require the Transmitting Entity(s) to report to Idaho Power at the times and in the manner established in the Transmission Plan described in Article X.
- 13.2 Net Energy Acceptance
- 13.2.1 Designated Point of Delivery – Idaho Power will not accept or pay for any Summer Energy scheduled or delivered by the Transmitting Entity(s) to the Designated Point of Delivery without prior written approval by Idaho Power. Idaho Power shall be excused

from accepting and paying for Contract Energy scheduled and delivered by the Transmitting Entity(s) on behalf of the Seller to the Designated Point of Delivery under any one or any combination of the following;

- a. If Idaho Power requires use of the Designated Point of Delivery to accommodate other energy transactions required for Idaho Power to maintain the reliable operation of the Idaho Power electrical system.
- b. Continued acceptance of the Seller's Contract Energy would result in Idaho Power being required to reduce planned energy deliveries from Idaho Power generation facilities making use of the same Designated Energy System.
- c. If the Designated Dispatch Facility requires reductions of energy on the Designated Energy System in order to maintain reliable operations of the Idaho Power electrical system, the Seller's Contract Energy deliveries will be reduced prior to any firm energy transactions making use of the same Designated Energy System.

Except as allowed in paragraph 13.2.3, at the minimum, Idaho Power will notify the Transmitting Entity 30 minutes prior to the hour of scheduled Contract Energy deliveries of any Contract Energy delivery reductions. Idaho Power will use its best efforts to notify the Transmitting Entity of any Contract Energy delivery reductions when Idaho Power becomes aware of a required Contract Energy delivery reduction.

13.2.2 Point of Delivery - Idaho Power shall accept and pay for Net Energy, scheduled and delivered by the Transmitting Entity that is in compliance with Article X of this Agreement and in compliance with the Seller's acquired capacity rights to the Idaho Power Designated Energy System as determined by the applicable Idaho Power Open Access Transmission tariff and/or applicable schedule or tariffs that were utilized by the Seller in securing the Point of Delivery defined in paragraph 1.17 of this agreement.

13.2.3 Idaho Power shall be excused from accepting and paying for Net Energy produced by the

Seller's Facility and delivered to the Designated Point of Delivery or the Point of Delivery by the Transmitting Entity without any prior notice to the Transmitting Entity or the Seller if it is prevented from doing so by an event of Force Majeure, or if Idaho Power determines that curtailment, interruption or reduction of Net Energy deliveries is necessary because of line construction, maintenance requirements, emergencies, electrical system operating conditions on its system or as otherwise required by Prudent Electrical Practices.

13.2.4 Under no circumstances will the Seller permit the Transmitting Entity(s) to deliver Net Energy from the Facility in an amount that exceeds 10 MW. Seller's failure to limit deliveries by the Transmitting Entity to 10 MW will be a Material Breach of this Agreement.

ARTICLE XIV: INDEMNIFICATION AND INSURANCE

14.1 Indemnification - Each Party shall agree to hold harmless and to indemnify the other Party, its officers, agents, affiliates, subsidiaries, parent company and employees against all loss, damage, expense and liability to third persons for injury to or death of person or injury to property, proximately caused by the indemnifying Party's construction, ownership, operation or maintenance of, or by failure of, any of such Party's works or facilities used in connection with this Agreement. The indemnifying Party shall, on the other Party's request, defend any suit asserting a claim covered by this indemnity. The indemnifying Party shall pay all costs, including reasonable attorney fees that may be incurred by the other Party in enforcing this indemnity.

14.2 Insurance - During the term of this Agreement, Seller shall secure and continuously carry the following insurance coverage:

14.2.1 Comprehensive General Liability Insurance for both bodily injury and property damage with limits equal to fifteen percent (15%) of the Total Cost of the Facility, or \$1,000,000, whichever is greater, each occurrence, combined single limit. The deductible for such

insurance shall not exceed one-half of one percent (0.5%) of the Total Cost of the Facility.

14.2.2 The above insurance coverage shall be placed with an insurance company with an A.M. Best Company rating of A- or better and shall include:

- (a) An endorsement naming Idaho Power as an additional insured and loss payee as applicable; and
- (b) A provision stating that such policy shall not be canceled or the limits of liability reduced without sixty (60) days' prior written notice to Idaho Power.

14.3 Seller to Provide Certificate of Insurance - As required in paragraph 4.1.4 herein and annually thereafter, Seller shall furnish Idaho Power a certificate of insurance, together with the endorsements required therein, evidencing the coverage as set forth above.

14.4 Seller to Provide Copies of Policy of Insurance - Within one hundred twenty (120) days after the Operation Date, and within ninety (90) days of the effective date of any modifications to the policy, Seller will furnish to Idaho Power a certified copy of the original of the insurance policy and any endorsements for the insurance coverage described above. In the case of policy renewals, Seller may provide a certificate from the insurance carrier that there have been no changes to the policy in lieu of providing the required certified copy of the policy.

14.5 Seller to Notify Idaho Power of Loss of Coverage - If the insurance coverage required by paragraph 14.2 shall lapse for any reason, Seller will immediately notify Idaho Power in writing. The notice will advise Idaho Power of the specific reason for the lapse and the steps Seller is taking to reinstate the coverage. Failure to provide this notice and to expeditiously reinstate or replace the coverage will constitute a Material Breach of this Agreement.

ARTICLE XV. FORCE MAJEURE

15.1 As used in this Agreement, "force Majeure" or "an event of force Majeure" means any cause beyond the control of the Seller or of Idaho Power which, despite the exercise of due diligence,

such Party is unable to prevent or overcome. Force Majeure includes, but is not limited to, acts of God, fire, flood, storms, wars, hostilities, civil strife, strikes and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, or changes in law or regulation, which, by the exercise of reasonable foresight such party could not reasonably have been expected to avoid and by the exercise of due diligence, it shall be unable to overcome. If either Party is rendered wholly or in part unable to perform its obligations under this Agreement because of an event of force Majeure, both Parties shall be excused from whatever performance is affected by the event of force Majeure, provided that:

- (1) The non-performing Party shall, as soon as is reasonably possible after the occurrence of the force Majeure, give the other Party written notice describing the particulars of the occurrence.
- (2) The suspension of performance shall be of no greater scope and of no longer duration than is required by the event of force majeure.
- (3) No obligations of either Party which arose before the occurrence causing the suspension of performance and which could and should have been fully performed before such occurrence shall be excused as a result of such occurrence.

ARTICLE XVI: LIABILITY: DEDICATION

- 16.1 Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public nor affect the status of Idaho Power as an independent public utility corporation or Seller as an independent individual or entity.

ARTICLE XVII: SEVERAL OBLIGATIONS

- 17.1 Except where specifically stated in this Agreement to be otherwise, the duties, obligations and liabilities of the Parties are intended to be several and not joint or collective. Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or impose a trust or partnership duty, obligation or liability on or with regard to either Party. Each Party shall be individually and severally liable for its own obligations under this Agreement.

ARTICLE XVIII: WAIVER

- 18.1 Any waiver at any time by either Party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or other matter.

ARTICLE XIX: CHOICE OF LAWS AND VENUE

- 19.1 This Agreement shall be construed and interpreted in accordance with the laws of the State of Idaho without reference to its choice of law provisions.
- 19.2 Venue for any litigation arising out of or related to this Agreement will lie in the District Court of the Fourth Judicial District of Idaho in and for the County of Ada.

ARTICLE XX: DISPUTES AND DEFAULT

- 20.1 Disputes - All disputes related to or arising under this Agreement, including, but not limited to, the interpretation of the terms and conditions of this Agreement, will be submitted to the Commission for resolution.
- 20.2 Notice of Default -
- 20.2.1 Defaults. If either Party fails to perform any of the terms or conditions of this Agreement (an "event of default"), the nondefaulting Party shall cause notice in writing to be given to the defaulting Party, specifying the manner in which such

default occurred. If the defaulting Party shall fail to cure such default within the sixty (60) days after service of such notice, or if the defaulting Party reasonably demonstrates to the other Party that the default can be cured within a commercially reasonable time but not within such sixty (60) day period and then fails to diligently pursue such cure, then, the nondefaulting Party may, at its option, terminate this agreement and/or pursue its legal or equitable remedies.

20.2.2 Material Breaches – The notice and cure provisions in paragraph 20.2.1 do not apply to defaults identified in this Agreement as Material Breaches. Material Breaches must be cured as expeditiously as possible following occurrence of the breach.

20.3 Security for Performance - Prior to the Operation Date and thereafter for the full term of this Agreement, Seller will provide Idaho Power with the following:

20.3.1 Insurance - Evidence of compliance with the provisions of paragraph 14.2. If Seller fails to comply, such failure will be an event of default under Article XX. Such default will be a Material Breach and may only be cured by Seller supplying evidence that the required insurance coverage has been replaced or reinstated.

20.3.2 Engineer's Certifications - Every three (3) years after the Operation Date, Seller will supply Idaho Power with a Certification of Ongoing Operations and Maintenance (O & M) from a Registered Professional Engineer licensed in the State of Idaho, which Certification of Ongoing O & M shall be in the form specified in Appendix C. Seller's failure to supply the required certificate will be an event of default. Such a default may only be cured by Seller providing the required certificate.

20.3.3 Licenses and Permits - During the full term of this Agreement, Seller shall maintain compliance with all permits and licenses described in paragraph 4.1.1 of this Agreement. In addition, Seller will supply Idaho Power with copies of any new or additional permits or licenses. At least every fifth Contract Year, Seller will update the documentation described in Paragraph 4.1.1. If at any time Seller fails to maintain

compliance with the permits and licenses described in paragraph 4.1.1 or to provide the documentation required by this paragraph, such failure will be an event of default and may only be cured by Seller submitting to Idaho Power evidence of compliance from the permitting agency.

ARTICLE XXI: GOVERNMENTAL AUTHORIZATION

- 21.1 This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party of this Agreement.
- 21.2 Idaho Power may terminate this Agreement on sixty (60) days prior written notice if (1) existing Idaho law is modified to allow persons or entities other than Idaho Power to sell electric capacity or energy at retail in Idaho Power's exclusive service territory, and (2) such change in law results in Idaho Power being unable to fully recover in its retail revenue requirement all costs attributed to this Agreement.
- 21.3 The Seller may terminate this agreement on sixty (60) days prior written notice if (1) the Federal Production Tax Credit or other similar economic incentive is not renewed, modified or created in a manner that enables the Seller to participate in these economic incentives in the same manner as if the Seller's Facility was commercially online as of the date of this agreement, (2) and the Seller has not begun construction of this Facility. Once construction of the Facility has begun, the Seller may not terminate this Agreement as specified in paragraph 21.3.

ARTICLE XXII: COMMISSION ORDER

- 22.1 This Agreement shall become finally effective upon the Commission's approval of all terms and provisions hereof without change or condition and declaration that all payments to be made to Seller hereunder shall be allowed as prudently incurred expenses for ratemaking purposes.

ARTICLE XXIII: SUCCESSORS AND ASSIGNS

- 23.1 This Agreement and all of the terms and provisions hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties hereto, except that no assignment hereof by either Party shall become effective without the written consent of both Parties being first obtained. Such consent shall not be unreasonably withheld. Notwithstanding the foregoing, any party which Idaho Power may consolidate, or into which it may merge, or to which it may convey or transfer substantially all of its electric utility assets, shall automatically, without further act, and without need of consent or approval by the Seller, succeed to all of Idaho Power's rights and interests under this Agreement. This article shall not prevent a financing entity with recorded or secured rights from exercising all rights and remedies available to it under law or contract. Idaho Power shall have the right to be notified by the financing entity that it is exercising such rights or remedies.

ARTICLE XXIV: MODIFICATION

- 24.1 No modification to this Agreement shall be valid unless it is in writing and signed by both Parties and subsequently approved by the Commission.

ARTICLE XXV: TAXES

- 25.1 Each Party shall pay before delinquency all taxes and other governmental charges, which if failed to be paid when due could result in a lien upon the Facility or the Interconnection Facilities.

ARTICLE XXVI: NOTICES

26.1 All written notices under this Agreement shall be directed as follows and shall be considered delivered when deposited in the U. S. Mail, first-class postage prepaid, as follows:

To Seller: Bob McIntyre
United Materials of Great Falls, Inc.
P. O. Box 1690
Great Falls, MT 59401

To Idaho Power: Vice President, Power Supply
Idaho Power Company
P O Box 70
Boise, Idaho 83707

ARTICLE XXVII: ADDITIONAL TERMS AND CONDITIONS

27.1 This Agreement includes the following appendices, which are attached hereto and included by reference:

Appendix A	-	Generation Scheduling and Reporting
Appendix B	-	Facility and Point of Delivery
Appendix C	-	Engineer's Certifications

ARTICLE XXVIII: SEVERABILITY

28.1 The invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of any other terms or provisions and this Agreement shall be construed in all other respects as if the invalid or unenforceable term or provision were omitted.

ARTICLE XXIX: COUNTERPARTS

29.1 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

ARTICLE XXX: ENTIRE AGREEMENT

- 30.1 This Agreement constitutes the entire Agreement of the Parties concerning the subject matter hereof and supersedes all prior or contemporaneous oral or written agreements between the Parties concerning the subject matter hereof.

IN WITNESS WHEREOF, The Parties hereto have caused this Agreement to be executed in their respective names on the dates set forth below:

Idaho Power Company

By



John Prescott - Vice President, Power Supply

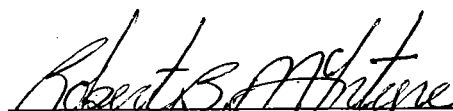
Dated

Jan 6, 2004

"Idaho Power"

United Materials of Great Falls, Inc.

By



Bob McIntyre

Board Chairman

Dated

1/23/04

"Seller"

APPENDIX A

GENERATION SCHEDULING AND REPORTING

Seller will provide Idaho Power with monthly documentation acceptable to Idaho Power showing the amount of Net Energy actually scheduled and delivered to Idaho Power by the Transmitting Entity at the Designated Point of Delivery and the Point of Delivery. If the Contract Energy deliveries were reduced at the request of Idaho Power, the Seller will provide the dates, hours and quantity of the Contract Energy reductions. In accordance with paragraph 10.4, the documentation subject to subsequent review by Idaho Power, will be the basis of payment for Net Energy purchased by Idaho Power from the Seller.

At the end of each month, the required documentation will be mailed to:

Idaho Power Company
Attn: Cogeneration and Small Power Production
P O Box 70
Boise, Idaho 83707

Seller's Contact Information

24-Hour Project Operational Contact

Name: Terry McIntyre, Operations Manager

Telephone Number: _____

Project On-site Contact information

Telephone Number: _____

APPENDIX B

FACILITY AND POINT OF DELIVERY

FACILITY NUMBER: 41718140

HORSESHOE BEND WIND PARK

B-1 DESCRIPTION OF FACILITY:

The Seller's Facility is described as:

Six (6), General Electric, 1.5 MW Wind Machines with a 70-meter hub height.

B-2 LOCATION OF FACILITY:

Cascade County, Montana, 6 Miles from Great Falls, Montana. On the property of the United Materials of Great Falls, Inc. facility.

B-3 SCHEDULED OPERATION DATE: December 31, 2004. The Seller will communicate a planned operation date and the actual date of the beginning of construction of this Facility to Idaho Power as the Seller becomes aware of the details of the development of this facility.

B-3 DESIGNATED POINT OF DELIVERY:

Unless otherwise agreed by both Parties, the point of interconnection between Idaho Power and the Transmitting Entity will be: The 161 kV Jefferson-Dillon line, known as the Jefferson Line.

APPENDIX C

ENGINEER'S CERTIFICATION

OF

OPERATIONS & MAINTENANCE POLICY

The undersigned _____, on behalf of himself and _____, hereinafter collectively referred to as "Engineer," hereby states and certifies to the Seller as follows:

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.
2. That Engineer has reviewed the Energy Sales Agreement, hereinafter "Agreement," between Idaho Power as Buyer, and _____ as Seller, dated _____.
3. That the cogeneration or small power production project which is the subject of the Agreement and this Statement is identified as IPCo Facility No. _____ and hereinafter referred to as the "Project."
4. That the Project, which is commonly known as the _____ Project, is located in _____ Section _____, Township _____, Range _____, _____ County, _____.
5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a _____ (_____) year period.
6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.
7. That Engineer has no economic relationship to the Design Engineer of this Project.
8. That Engineer has reviewed and/or supervised the review of the Policy for Operation and Maintenance ("O&M") for this Project and it is his professional opinion that, provided said Project has been designed and built to appropriate standards, adherence to said O&M Policy will result in the Project's producing at or near the design electrical output, efficiency and plant factor for a _____ (_____) year period.
9. That Engineer recognizes that Idaho Power, in accordance with Article 2 of the

Agreement, is relying on Engineer's representations and opinions contained in this Statement.

10. That Engineer certifies that the above statements are complete, true and accurate to the best of his knowledge and therefore sets his hand and seal below.

By _____

(P.E. Stamp)

Date _____

APPENDIX C
ENGINEER'S CERTIFICATION
OF
ONGOING OPERATIONS AND MAINTENANCE

The undersigned _____, on behalf of himself and _____ hereinafter collectively referred to as "Engineer," hereby states and certifies to the Seller as follows:

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.
2. That Engineer has reviewed the Energy Sales Agreement, hereinafter "Agreement," between Idaho Power as Buyer, and _____ as Seller, dated _____
3. That the cogeneration or small power production project which is the subject of the Agreement and this Statement is identified as IPCo Facility No. _____ and hereinafter referred to as the "Project".
4. That the Project, which is commonly known as the _____ Project, is located at _____.
5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a _____ (_____) year period.
6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.
7. That Engineer has no economic relationship to the Design Engineer of this Project.
8. That Engineer has made a physical inspection of said Project, its operations and maintenance records since the last previous certified inspection. It is Engineer's professional opinion, based on the Project's appearance, that its ongoing O&M has been substantially in accordance with said O&M Policy; that it is in reasonably good operating condition; and that if adherence to said O&M Policy continues, the Project will continue producing at or near its design electrical output, efficiency and plant

factor for the remaining _____ years of the Agreement.

9. That Engineer recognizes that Idaho Power, in accordance with paragraph 17.3.2 of the Agreement, is relying on Engineer's representations and opinions contained in this Statement.

10. That Engineer certifies that the above statements are complete, true and accurate to the best of his knowledge and therefore sets his hand and seal below.

By _____

(P.E. Stamp)

Date _____